

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CERTIFICATE: By direction of the Secretary of Agriculture the matter contained herein is published as statistical information and is required for the proper transaction of the public business. Free distribution is limited to copies "necessary in the transaction of public business required by law." Subscription price 25 cents per year payable in cash or money order to the Superintendent of Documents, Government Printing Office, Washington, D. C.

Washington, D. C.

JUNE, 1927

Volume XI, No. 6

A SEASON OF UNCERTAINTIES

The last two months have turned this into a backward and discouraging season. Throughout the North the rains and cold weather delayed spring planting probably two weeks later than average. The floods in the lower Mississippi Valley have swept over an immense area during the past month. In contrast, the Southeast and a portion of the Southwest have suffered from drought. Eastern pastures and western ranges alike have been slow to furnish spring feed though the abundant moisture promises an ample grass crop for summer.

The Mississippi flood has inundated something over 3,000,000 acres of crop land in five States. The extent of local damage is enormous. From the standpoint of national supply, however, cotton is the only major crop affected. The advance in the cotton market reflected the fact that somewhat over 30 per cent of our long staple cotton acreage went under water. However, cotton is being planted where the waters have receded and the actual, final crop reduction due to the flood is problematical.

Winter wheat harvest is getting under way in southern areas. The May reports indicated a rather light abandonment (8.4 per cent) of acreage, leaving for harvest about 2,000,000 acres more wheat than was harvested last year. The general condition of the crop is fairly good, excepting a strip of plains territory from western Nebraska southward and some insect damage in the Southwest. The early forecast is for 594,000,000 bushels, compared with 627,000,000 harvested last year.

With hog prices down around \$4 per hundred below last year and corn some 15 cents a bushel above, the Corn Belt situation has changed materially. If this sharp slump in hog prices tends to restrict breeding for fall pigs, however, it may prove a stabilizing factor in the long run. The presumption is that hog prices will make some seasonal rise during the next few months but nobody knows what the corn crop is going to be.

Some comment has been aroused by the recent concern of New York authorities over obtaining a sufficient milk supply for the city. Those who follow the trend of agricultural production most closely are now beginning to be impressed by the extent of contraction that might follow one bad season.

KEY REGIONS AT A GLANCE

The East.—Cold, backward season. Too dry in many areas, though in portions of north work has been delayed by recent rains. Spring grain finally sown but will be late. Slowly getting potatoes and corn planted. Crops in ground have made slow progress. Pastures started slowly but show good growth now. Dairy situation still regarded as favorable to producers of fluid milk.

The South.—Weather conditions unsatisfactory. Drought in east and in sections of west; devastating floods in central valleys. Final effect of Mississippi flood disastrous to sugar-cane region. Cotton practically all planted and chopping and cultivation have progressed in most areas. Late cotton germinated poorly, some replanting. Growth generally slow. Reports indicate 20 to 25 per cent less fertilizer used in east than last year.

Corn Belt.—Generally cold, wet, unfavorable. Has been a struggle to get corn planted between rains. Corn in ground is getting a very spotty start. Crops making better progress in eastern than western sections. Winter wheat headed, prospect fair. Grass looks good. Hog prices down again past month, though making some seasonal recovery. Some inclination to temper hog raising program in view of lower priced hogs and possibility of still higher corn.

Wheat Belt.—Season 10 days late in north. Winter wheat ripening in south. Crop looking good for the most part except along western edge of belt where dry weather and winds have hurt it. Harvest will be getting under way in southwest this month. Spring wheat finally in ground and early sowings have made good growth. Whole north cheered by supply of moisture in ground, this practically assuring crop of hay as well as grain.

Range Country.—Northern territory experienced bad storms and cold weather last month. Ranges slow to start but furnishing good feed now. Some losses of stock from storms but general condition is good with calf and lamb crops thriving fairly well. Drought becoming serious in eastern New Mexico; dry also in portions of southern Utah and Nevada. Sheep shearing well along. Considerable wool reported contracted at 30 to 32 cents. Many lambs in Colorado contracted for fall delivery at 10½ to 11½ cents. Cattlemen optimistic.

Pacific Coast.—Weather warmed up the past month with some complaints of dryness in Oregon and California. All crops making rapid growth, though have been backward. Fruit condition rather spotted in north. Wheat headed and beginning to ripen. Some damage to tender truck from heat in south. Citrus fruit reported making good progress, however, including fair set of lemons.

WINTER WHEAT OUTLOOK

Geographic division	Acreage 1927		Condition, May 1			Production in thousands of bushels (i. e., 000 omitted)		
	Per cent abandoned	Acres remaining to be harvested	1927	1926	10-year average, 1917-1926	Indicated by condition May 1, 1927	Harvested	
							1926	10-year average, 1917-1926
			<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>			
North Atlantic.....	2. 8	1, 399, 000	84. 1	77. 8	86. 1	25, 160	29, 445	32, 270
North Cential.....	8. 9	22, 362, 000	86. 9	80. 2	82. 2	345, 238	351, 992	341, 141
South Atlantic.....	2. 7	2, 131, 000	84. 3	82. 0	86. 5	26, 873	36, 521	34, 914
South Central.....	7. 5	7, 299, 000	78. 7	94. 0	81. 6	88, 458	119, 007	80, 137
Western.....	11. 0	5, 510, 000	88. 3	90. 1	88. 2	108, 211	89, 964	84, 424
U. S. total	8. 4	38, 701, 000	85. 6	84. 0	83. 7	593, 940	626, 929	572, 887

Winter wheat production for 1927 was estimated as of May 1 at 593,940,000 bushels compared with 626,929,000 bushels in 1926, and 572,887,000 bushels, the 10-year average.

The acreage of winter wheat remaining for harvest is estimated at 38,701,000 acres, compared with 36,913,000 acres harvested last year. This is an increase of 5 per cent above 1926, and 24 per cent greater than 1925. It is estimated that 8.4 per cent of the planted acreage will be abandoned, compared with 12.5 per cent, the 10-year average.

While really excellent conditions are shown in very few States, strikingly low conditions also are confined to restricted districts. These are comprised chiefly in a narrow stretch of country extending southward from the southwest corner of Nebraska, taking in adjacent portions of Colorado, Kansas, Oklahoma, Texas, and New Mexico.

Good to excellent conditions are reported in the North Central States. Rust is reported in South Carolina, Georgia, Tennessee, and Texas. Green bugs are reported from Oklahoma and Texas, and some damage from Hessian fly in Oklahoma.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	April average, 1910- 1914	April, 1926	March, 1927	April, 1927
Cotton, per lb.-----cents--	12. 4	12. 4	16. 6	12. 5	12. 3
Corn, per bu.-----do-----	64. 2	63. 4	65. 7	65. 2	65. 6
Wheat, per bu.-----do-----	88. 4	89. 3	142. 2	120. 9	117. 2
Hay, per ton.-----dollars--	11. 87	12. 16	12. 78	13. 48	13. 26
Potatoes, per bu.---cents---	69. 7	68. 8	270. 5	127. 0	126. 6
Oats, per bu.-----do-----	39. 9	40. 9	39. 4	43. 4	43. 2
Beef cattle, per 100 lbs. -----dollars---	5. 22	5. 50	6. 66	6. 82	7. 13
Hogs, per 100 lbs.---do-----	7. 23	7. 59	11. 49	10. 89	10. 41
Eggs, per dozen---cents---	21. 5	16. 8	24. 8	20. 8	20. 3
Butter, per lb.-----do-----	25. 5	25. 1	41. 1	43. 5	43. 4
Butterfat, per lb.---do-----			40. 4	48. 0	47. 1
Wool, per lb.-----do-----	17. 7	18. 0	33. 2	31. 3	30. 4
Veal calves, per 100 lbs.----- dollars---	6. 75	6. 76	9. 45	10. 10	9. 90
Lambs, per 100 lbs.---do-----	5. 91	6. 46	11. 32	11. 55	11. 97
Horses, each.-----do-----	142. 00	146. 00	84. 00	79. 00	80. 00

The general level of farm prices continued to decline slightly from March 15 to April 15. The decline of 1 point brought the index to 125 per cent of pre-war level on April 15, and 15 points below the April index of a year ago, the lowest point since October, 1922. Farm prices of grains, meat animals, and cotton decreased, dairy and poultry combined showed no change, while the fruit and vegetable group advanced slightly.

Farm prices generally showed only very small changes from March 15 to April 15, no change being more than 5 per cent with any of the important farm products, and about as many prices registered gains as losses. Lambs, beef cattle, milk cows, mules, horses, chickens, corn, barley, flaxseed, apples, and cottonseed all registered small price gains, while wheat, hogs, cotton, oats, rye, hay, potatoes, veal calves, sheep, eggs, butter, butterfat, and wool declined slightly.

The continued decline in farm and market prices of hogs at levels substantially below last year, with market receipts of hogs no larger, reflects a sharp falling off in demand for hog products, which can be largely accounted for by increased competition of cottonseed oil and a decrease in demand from Southern States and foreign countries.

PRICE INDEXES FOR APRIL, 1927

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	April, 1926	March, 1927	April, 1927	Month's trend
Cotton.....	134	101	99	Lower.
Corn.....	102	102	102	Unchanged.
Wheat.....	161	137	133	Lower.
Hay.....	108	114	112	Do.
Potatoes.....	388	182	182	Unchanged.
Beef cattle.....	128	131	137	Higher.
Hogs.....	159	150	144	Lower.
Eggs.....	115	97	94	Do.
Butter.....	161	171	170	Do.
Wool.....	187	176	171	Do.

COMMODITY GROUPS

[Wholesale prices; 1910–1914=100] ¹

	April, 1926	March, 1927	April, 1927	Month's trend
Farm products.....	145	137	137	Unchanged.
Food, etc.....	152	146	146	Do.
Cloths and clothing.....	180	172	172	Do.
Fuel and lighting.....	202	195	186	Lower.
Metal and metal products.....	136	132	131	Do.
Building materials.....	178	172	170	Do.
Chemicals, etc.....	129	119	120	Higher.
House-furnishing goods.....	169	163	163	Unchanged.
All commodities.....	154	148	147	Lower.

¹ Bureau of Labor Statistics index numbers converted to 1910–1914 base.

RELATIVE PURCHASING POWER

[At April, 1927, farm prices; August, 1909–July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Pota- toes
All commodities.....	68	70	90	76	124
Cloths, etc.....	58	59	77	65	105
Fuel, etc.....	53	55	71	60	97
Metals, etc.....	76	78	101	85	139
Building materials.....	58	60	78	66	107
House-furnishing goods.....	61	63	81	69	112

In terms of—	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	93	98	64	116	116
Cloths, etc.....	80	83	55	99	99
Fuel, etc.....	74	77	51	91	92
Metals, etc.....	105	110	72	130	131
Building materials.....	81	85	56	100	101
House-furnishing goods.....	84	88	58	105	105

As would be expected at the end of a crop year, the unit exchange position of the five major crops listed above did not change materially during April. Corn and potatoes each advanced 1 point; wheat declined 2 points.

Among the livestock products, cattle again advanced 4 points while hogs declined 4 points. The other products remained practically unchanged from the previous month.

The cattle purchasing power index has advanced 12 points since last November. It reflects the "comeback" of an important animal industry. Cattle are rapidly reaching a relative price level which will have a decidedly stimulating effect on production.

Eggs show the lowest purchasing power index among the 10 major products above. A year ago the egg index was 75 compared with 64 at present.

The general index of purchasing power of farm products in terms of nonagricultural commodities advanced 1 point during April to 83, the five pre-war years being considered as 100. This compared with 88 a year ago, 90 two years ago, 80 three years ago.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	April, 1926	March, 1927	April, 1927	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons)---	115	112	114	Increase.
Bituminous coal (million tons)----	40	60	35	Decrease.
Steel ingots (thousand long tons)--	4, 106	4, 535	4, 130	Do.
CONSUMPTION				
Cotton, by mills (thousand bales)-	578	694	619	Do.
Unfilled orders, Steel Corporation (thousand tons).	3, 868	3, 553	3, 456	Do.
Building contracts in 27 North- eastern States (million dollars).	472	522	539	Increase.
Hogs slaughtered (thousands)----	1, 871	2, 386	2, 050	Decrease.
Cattle slaughtered (thousands)---	1, 113	1, 134	1, 066	Do.
Sheep slaughtered (thousands)----	801	843	800	Do.
MOVEMENTS				
Bank clearings (New York) bil- lion dollars).	26	29	26	Do.
Car loadings (thousands)-----	4, 791	4, 016	4, 891	Increase.
Mail-order sales (million dollars)--	39	41	41	Unchanged.
Employees, New York State fac- tories (thousands).	509	494	487	Decrease.
Average price 25 industrial stocks (dollars).	145	189	200	Increase.
Interest rate (4-6 months' paper, (New York) (per cent).	4. 20	3. 98	4. 06	Do.
Retail food price index (Depart- ment of Labor). ¹	162	154	154	Unchanged.
Wholesale price index (Depart- ment of Labor). ¹	151	145	144	Lower.

¹ 1913=100.

There is naturally a good deal of speculation as to when this activity in urban business is likely to wane somewhat. The price level has slowly declined. Competition has increased. Building has gradually been overtaking current requirements. Apparently, automobile production has passed by its peak. But interest rates stay low and credit easy. Skilled observers seem to look for good times to last through this year and maybe longer.

There is nothing yet on the business horizon which appears likely to have much effect on the production plans of farmers. There has been evidently some reduction in demand for pork in the South but that can not be identified with industrial depression.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price all commodities ⁴
1910 -----		97	96	100	103
1911 -----		97	95	96	95
1912 -----		101	101	103	101
1913 -----		104	103	99	102
1914 -----	⁵ 100	101	106	101	100
1915 -----	101	102	104	104	103
1916 -----	114	112	117	120	129
1917 -----	129	140	151	166	180
1918 -----	160	176	174	187	198
1919 -----	185	206	192	205	210
1920 -----	222	239	210	218	230
1921 -----	203	150	158	143	150
1922 -----	197	146	146	137	152
1923 -----	214	166	151	143	156
1924 -----	218	166	150	143	152
1925 -----	223	168	162	156	162
1926 -----	228	171	166	152	154
April—					
1921 -----	206	-----	156	143	150
1922 -----	190	-----	143	136	145
1923 -----	213	148	147	143	162
1924 -----	218	163	146	136	151
1925 -----	218	163	155	153	159
1926					
January -----	229	159	169	155	159
February -----	225	-----	166	152	158
March -----	229	-----	165	150	154
April -----	227	166	167	152	154
May -----	226	-----	166	153	154
June -----	228	-----	165	156	155
July -----	227	174	162	153	153
August -----	227	-----	161	150	152
September -----	231	-----	163	151	153
October -----	231	176	165	151	152
November -----	230	-----	167	150	151
December -----	232	-----	167	150	150
1927					
January -----	232	162	164	149	150
February -----	231	-----	161	147	149
March -----	234	-----	159	146	148
April -----	230	166	158	146	147

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base, August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cotton seed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
April—									
1920.....	261	323	186	192	189	304	230	254	90
1921.....	118	124	114	154	114	76	115	171	67
1922.....	114	190	117	131	110	135	123	156	79
1923.....	121	146	110	147	117	222	137	180	76
1924.....	113	128	106	134	105	226	130	164	80
1925.....	152	146	146	132	127	189	147	162	90
1926.....	131	253	146	133	133	135	140	160	88
1927									
January.....	120	140	140	144	173	85	126	156	81
February.....	122	142	143	143	145	94	127	155	82
March.....	121	140	144	139	115	102	126	153	82
April.....	119	147	143	140	114	101	125	151	83

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910–1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
Total—						
1920.....	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921.....	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922.....	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923.....	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924.....	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925.....	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
1926.....	362, 876	234, 873	39, 772	23, 872	23, 868	549, 472
April—						
1920.....	13, 781	10, 091	3, 024	1, 557	1, 466	23, 221
1921.....	23, 739	11, 192	3, 230	1, 494	1, 677	32, 361
1922.....	12, 544	13, 188	3, 067	1, 470	1, 227	34, 835
1923.....	21, 785	16, 836	4, 318	1, 670	1, 447	40, 464
1924.....	10, 374	17, 926	4, 374	1, 751	1, 348	43, 579
1925.....	10, 023	9, 810	3, 247	1, 827	1, 541	42, 141
1926						
January.....	19, 076	28, 268	4, 304	1, 840	1, 548	39, 424
February.....	15, 923	25, 718	3, 372	1, 551	1, 486	39, 507
March.....	15, 052	20, 080	3, 579	1, 811	1, 695	46, 077
April.....	13, 458	12, 589	3, 135	1, 711	1, 502	45, 501
May.....	15, 260	11, 972	3, 037	1, 894	1, 717	54, 464
June.....	18, 505	23, 912	3, 143	1, 871	1, 913	75, 931
July.....	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August.....	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September.....	46, 266	13, 740	2, 819	2, 397	3, 279	44, 761
October.....	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November.....	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December.....	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054
1927						
January.....	19, 379	23, 658	4, 252	1, 832	1, 740	37, 705
February.....	19, 462	24, 499	3, 308	1, 555	1, 496	38, 375
March.....	17, 504	18, 535	3, 754	1, 743	1, 558	45, 210
April.....	13, 680	10, 445	3, 142	1, 674	1, 486	48, 279

Movement of wheat to market during April was about like same month last year. Corn receipts light.

Hog receipts about like last two years; cattle and sheep likewise moved in about same number as last year.

Receipts of butter were the largest for any April in seven years.

THE TREND OF EXPORT MOVEMENT

Compiled from the Department of Commerce reports by division of statistical research of this bureau]

Year and month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton, ⁴ running bales
	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bales</i>
Total—						
1920.....	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921.....	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922.....	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923.....	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924.....	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925.....	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926.....	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
April—						
1920.....	14, 146	42, 386	39, 996	40, 758	65, 648	540
1921.....	25, 120	43, 320	57, 778	53, 275	67, 658	315
1922.....	10, 698	40, 190	43, 254	42, 459	48, 828	587
1923.....	10, 428	40, 141	68, 528	85, 475	77, 963	257
1924.....	8, 624	59, 019	57, 546	73, 307	64, 467	311
1925.....	12, 912	30, 519	33, 413	44, 447	39, 303	440
1926						
January.....	5, 587	46, 891	46, 654	76, 670	53, 833	735
February.....	4, 742	47, 147	37, 187	65, 356	45, 292	545
March.....	7, 039	36, 167	34, 133	64, 259	40, 641	512
April.....	6, 452	43, 388	31, 410	63, 160	37, 947	506
May.....	12, 558	27, 431	30, 104	58, 154	35, 197	412
June.....	11, 210	30, 762	23, 861	56, 482	29, 959	339
July.....	19, 811	29, 760	22, 457	45, 879	28, 221	356
August.....	35, 774	26, 263	29, 090	54, 273	34, 762	385
September.....	31, 031	38, 319	26, 927	61, 577	33, 843	789
October.....	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November.....	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December.....	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504
1927						
January.....	12, 821	66, 337	20, 597	59, 842	25, 748	1, 074
February.....	8, 997	46, 840	19, 476	49, 884	24, 313	979
March.....	9, 183	41, 669	18, 108	53, 040	23, 754	1, 084
April.....	16, 039	35, 041	17, 844	67, 345	23, 930	825

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

COLD STORAGE SITUATION

[May 1 holdings (shows nearest million—i. e., 000,000—omitted)]

Commodity	5-year average	Year ago	Month ago	May 1, 1927
Creamery butter.....pounds..	7	18	3	3
American cheese.....do.....	23	36	35	32
Case eggs.....cases.....	4	4	2	5. 4
Total poultry.....pounds..	63	53	105	77
Total beef.....do.....	76	60	77	63
Total pork.....do.....	772	604	738	769
Lard.....do.....	107	98	92	100
Lamb and mutton.....do.....	3	2	3	2
Total meats.....do.....	917	714	879	893
Apples.....barrels..	1	2	3	1. 6

There was little storage movement of dairy products during April. Stocks of butter in storage May 1 were approximately like the previous month and cheese only slightly less than the previous month. The amount of butter in storage is almost negligible, being less than half the average quantity as of May 1.

Eggs began to move into storage in quantity during April, nearly 4,000,000 cases being put away. The stocks of eggs on hand thus raised to more than a million cases above the average of this date. There are about 1,700,000 more cases of eggs in storage now than a year ago. Dressed poultry continued to flow out of storage but there remained stocks considerably in excess of last year and somewhat more than average.

A further movement of beef out of storage reduced beef stocks to about the level of last year and somewhat below the average quantity on hand this date.

Around 31,000,000 pounds of pork moved into the cellars during the month. This brought the amount in storage up to 165,000,000 pounds more than a year ago and slightly above the large five-year average. The same trend was evident in the case of lard though the quantity in storage is practically the same as last year and average.

Another million pounds of lamb and mutton moved out of storage during the month, stocks remaining slightly below last year and considerably below average.

The total stock of meats in storage is around 180,000,000 pounds greater than last year and now approaches the five-year average quantity in the coolers.

There were fewer apples left in storage on May 1 than same date last year and stocks were only slightly above average. This marks the consumption of a heavy stock of fruit stored during a season of remarkable crop and low prices.

The general storage situation continues, seemingly, encouraging to the producers of butter, cattle, and lambs. It continues to hold up a suggestion of caution to poultry producers and begins to convey a hint of the same to producers of hogs.

THE EGG AND POULTRY SITUATION

The egg market situation at the close of May was not materially different from that of a month earlier. Heavy receipts and heavy into-storage movement remain in the foreground of the market picture. Market sentiment is most unsettled as to the outcome of the storage deal, although the immediate market tendency is quite steady.

Receipts during May started to recede slightly below those of April, the arrivals during the month being nearly 4 per cent below the April figures. An excess over May, 1926, was still maintained to the amount of more than 5 per cent. From January 1 to the close of May receipts have been about 17 per cent greater than for the corresponding period of 1926, the greater part of the increase having occurred in April. The large production already in evidence is thought to be the natural result of expansion within the poultry industry under favorable weather and other producing conditions.

The storage situation remains of primary interest at this season. On May 1 holdings in the entire country amounted to 5,448,000 cases, about 1,700,000 cases above the figure of a year earlier. During May, storage increases were steadily larger than in May, 1926, and while final figures are not yet available it is known with certainty that the surplus, this year over last, is greater on June 1 than on May 1. These storage holdings exert an immense influence upon the egg market perhaps stronger than any one other factor entering into the making of prices at this time of year.

Egg prices in May have shown only a slight readjustment downward. This amounted to little more than 1 cent and at the close of the month prices were 6 to 7 cents below prices of a year ago. These lower prices are thought by many to discount fully the larger supplies in sight. The soundness of this belief is one of the big questions of the day on the egg markets. Another way of stating this question is to ask whether the lower price levels will result in sufficiently increased consumption to take care of the larger quantity of eggs. The look ahead is beset with uncertainty even though there is steadiness apparent at the moment. As the hot weather season comes, egg quality will be difficult to maintain and if the season is normal the finer qualities will maintain their price level and the lower grades experience some decline in price.

There is little change in the poultry situation. Stocks of frozen poultry remain large and still seem to dominate the market on this class of goods. Stocks on May 1 were 77,308,000 pounds, a surplus of 24,000,000 pounds over May 1, 1926, and of 15,000,000 pounds over the May 1 average for the past five years. It is noted, however, that this surplus is not as large as it was a few months ago and to this extent there is some improvement in the dressed poultry situation. The market is still dull and depressed with prices rather consistently lower than last year. Live poultry markets have been featured by liberal receipts and generally somewhat unsettled markets. For the most part supplies have been cleared with no material price declines and on special classes such as broilers the situation has been firm. Heavy fowl continue to comprise the bulk of the receipts and are the most difficult to move.

C. E. ECKLES,
Division of Dairy and Poultry Products, B. A. E.

THE DAIRY SITUATION

Some of the speculation as to flush season production always passes with the arrival of June, for more definite ideas of the season's possibilities may then be formed. The trend for the entire summer is by no means definitely established, but it is possible to check up on certain conditions which are of fundamental importance. At this time of the year prices have passed that uncertain stage which always features March and April, storage surpluses have been cleared, and the immediate production outlook is more clearly apparent.

Taking these points up in order, it is noted, for example, that May butter prices have been quite steady, unusually so in comparison with the irregular course followed since the first of the year. During the month of April there was a difference of 9 cents between high and low prices, while in May (up to this date, May 25) the difference is $2\frac{1}{2}$ cents. A narrow range, however, is not unusual for May nor the summer months. Prices for the month have averaged about 43 cents, which is approximately 2 cents higher than last year. Without suggesting what the probable summer trend may be, it may be mentioned that during each of the past five years, average prices in May and June of each year have not differed more than 3 cents, with a maximum difference for the months, May to August, inclusive, during each of these five years of but 5 cents. In 1925 and again in 1926 May and June averages were practically the same, and the entire summer season difference was but 1 cent.

The butter storage situation at the opening of the new season is of interest only because of the fact that stocks were practically exhausted the 3,000,000 pounds on May 1 being close to the lowest on record for that date. The movement of new stock into storage has been going on in a small way since early in the month, and while this movement is heavier than last year, stocks in the important storing centers are only about half of those of a year ago.

Current production conditions are more favorable than they were a year ago. This is indicated in current production reports and in market receipts. Some of the more northern producing sections have not shown up quite so well as yet, but on the whole the percentage increases over a year ago are heavy. One report which includes many large sized creameries showed a recent weekly increase of 8 per cent over the same week last year. An increase of 15 per cent in butter receipts at principal markets during the past 30 days, over the same period in 1926, reflects the change in producing sections. The last estimate on total butter production is for the month of April, with an increase of 5 per cent over last year. Cheese production, however, is still below last year, approximately 6 per cent less for the month of April and fully 8 per cent for the calendar year. Condensery production continues to increase, April being 9 per cent greater than April, 1926. This, together with heavy demands for fluid milk and cream in certain cheese districts, may explain in part the drop in cheese production.

In so far as stocks of cheese and condensed milk are concerned, both are in favorable positions. Cheese stocks on May 1 were some 3,000,000 pounds less than last year, and increases since then are slight. Condensed milk stocks on May 1 were again at a record low level for that date, so that substantial increases in production should not prove burdensome.

L. M. DAVIS,
Division of Dairy and Poultry Products, B. A. E.

DAIRY STATISTICAL SUMMARY

[Million pounds, 000,000 omitted]

PRODUCTION

	April			January to April, inclusive		
	1927	1926	Per cent change	1927	1926	Per cent change
Creamery butter.....	121	115	+5.0	417	408	+2.2
Farm butter.....	43	44	-1.7	149	152	-1.7
Total butter.....	164	159	+3.1	566	560	+1.1
Cheese.....	29	31	-6.0	104	114	-9.5
Condensed and evaporated milk.....	177	160	+10.8	587	489	+19.9
Total milk equivalent.....	4,189	4,061	+3.2	14,407	14,141	+1.9

APPARENT TRADE OUTPUT

[Including production, changes in stocks, and net imports or exports]

Butter.....	166	159	+4.2	602	597	+0.8
Cheese.....	38	39	-3.6	153	159	-3.7
Condensed and evaporated milk.....	151	134	+12.4	572	475	+20.2
Total milk equivalent.....	4,243	4,074	+4.1	15,615	15,234	+2.5

T. R. PIRTLE,
Division of Dairy and Poultry Products, B. A. E.

NUMBER OF MILK COWS ON FARMS

[As of January 1, in thousands, 000 omitted]

Region	1925	1926	1927
North Atlantic.....	3,211	3,143	3,062
North Central.....	11,742	11,714	11,444
South Atlantic.....	1,731	1,657	1,628
South Central.....	3,866	3,697	3,756
Far West.....	1,931	1,937	1,934
United States.....	22,481	22,148	21,824

EFFECTS OF THE FLOOD**ON COTTON AND FIELD CROPS**

The Mississippi flood has inundated in the States of Missouri, Arkansas, Tennessee, and Mississippi about 3,300,000 acres of land in farms, of which about 2,500,000 acres may be termed crop land. Previous to the breaking of the levees south of the Red River there were about 800,000 acres of land in farms inundated in Louisiana, of which about 600,000 acres were crop land. No estimate has been made as yet of the area inundated since the breaks south of the Red River.

In this area were produced last year about a million bales of cotton on about 2,000,000 acres of land. This represents about 5 per cent of the cotton acreage of the United States for last year. The flooded portions of these States, however, include the heart of the long-staple producing area of the United States, and probably somewhat over 30 per cent of the area devoted to the production of long-staple cotton is included in the flooded area.

The acreage of crops planted prior to the flood was not large. Planting is progressing locally as the flood waters recede over the entire area except, of course, in Louisiana. Cotton is being planted in the mud, and the total acreage planted will be determined by many conflicting factors. Cotton may be planted in this territory as late as June 1 in Missouri; to as late as June 15 in northern Louisiana, although cotton planted as late as this is likely to be injured by the boll weevil. Loss of work animals and of seed cotton, extent to which farm laborers return, current price of cotton, and the general disorganization due to the destruction of homes and loss of equipment are all factors which must be contended with in planting the 1927 crop.

Losses of work stock and of cattle have not been as large as might be supposed. Losses of hogs and chickens were very heavy. Entomologists state that overflows of this kind are usually followed by serious damage from cut worms, grass worms, and fall leaf worms. Corn, cowpeas, soy beans, and sorgho may be planted later than cotton, and it is anticipated that the acreages of these crops will be larger than originally intended to be planted by farmers in these areas.

Of the 735,000 acres of crop land overflowed in Mississippi, it is expected that less than 650,000 acres will be free from water in time to be planted this year. In Missouri most of the land overflowed will be cropped this year, though there will be considerable shifts in crop acreages. In Tennessee, where the flood was due to the overflow of local streams and not due to the break in the levees along the Mississippi River, most of the crop land will be in crops again this year, but there will be considerable shifting in crop acreages due to soil conditions.

JOSEPH A. BECKER.

ON THE COTTON MARKET

The inundated cotton areas in Mississippi largely produce long-staple varieties of cotton which command premiums over the staple cottons. Anxiety on the part of users of such cottons has created a very brisk demand for them since the flood conditions became serious, with the result that sharp rises in prices have occurred during the past few weeks.

During the middle of April cotton of middling grade having staple length of $1\frac{1}{8}$ inches was quoted, delivered at Carolina mill points, at about $4\frac{1}{2}$ cents per pound over New York July future contracts, which were ruling at that time at about $14\frac{1}{2}$ cents, and these same cottons were quoted at about $5\frac{1}{2}$ cents more than July future contracts by the middle of May, at which time July future contracts at New York were quoted around $15\frac{1}{2}$ cents.

Another effect on prices by the flood was the activity in prices for Egyptian cottons, which are also of staple qualifications. During the period under review the prices for Egyptian cottons rose from 4 to 5 cents per pound. There are annually imported into the United States about 250,000 to 300,000 bales of Egyptian long-staple cottons.

A. M. AGELASTO.

ON FRUITS AND VEGETABLES

The standard vegetables and small fruits are not very important commercial crops in most parts of the flooded region. About half of the 60 or more counties reported overflowed in seven States make some car-lot shipments of such products and the usual total from these counties exceeds 4,000 cars. This quantity is only about one-half of 1 per cent of the countrywide annual car-lot movement and no more than is frequently shipped in one day's car-lot shipments. Only a fraction of the 4,000 carloads would be affected.

Some trucking districts in these counties were above flood level. Much of the produce even in flooded areas of the lower valley had been shipped out before the flood. In the upper valley tender truck crops had not yet been planted. Thus in the watermelon section in Scott and Dunklin Counties, Mo., usually shipping 1,000 to 2,000 cars, most of the melon and cantaloupe crops had not been planted, and the main effect would be to make the local harvest unusually late. Damage in the early potato sections in the Kaw Valley was more because of heavy rains than from the actual overflow, although in the Orrick district flood damage was estimated at 10 per cent.

Five counties in Arkansas were more or less under water. They ship usually about 200 carloads of cantaloupes and slightly over 100 cars of other truck crops. Flood damage to the strawberry crop in Arkansas was reported at about 8 per cent. The potato crop in Arkansas was injured perhaps 50 per cent by the flood, but total shipments from this State are only a few hundred cars at the most.

Loss to the early potato crop in Oklahoma was estimated as high as one-third, amounting to several hundred carloads, but part of the damage was by excessive rain and only 8 per cent by flood.

Four counties flooded in Kentucky ship about 100 carloads, mostly strawberries, tomatoes, and sweet potatoes, and from 300 to 600 cars of strawberries are shipped from four inundated counties in Tennessee.

Much of the early production in Louisiana was shipped out before the flood. The actual damage in these lines applies mainly to 4 or 5 parishes of the 20 or so overflowed, including probably a very few hundred cars of sweet potatoes and comparatively few cars of onions, tomatoes, and miscellaneous vegetables.

Actual permanent loss of truck crops and small fruits by flood appears to be a small feature compared with the reported damage to the staple crops. It is evidently of far less importance to the

general supply of fruits and vegetables than the less spectacular recent losses by frost and heavy rainfall reported in various producing sections. It was expected that much of the flooded land in the upper valley region would be planted or replanted the last part of May, but in the low-lying districts of Louisiana the flood water would remain far into the summer. Even then there will probably be some replanting of sweet potatoes and various other vegetables.

G. B. FISKE.

AGRICULTURAL PRICE CYCLES AND BUSINESS CYCLES

The many-sided interrelationships between agricultural and business conditions in general have given rise to a number of views relative to the importance of agricultural conditions as a factor in business prosperity. Many generalizations are current, some which apparently overstate the place of agricultural conditions in the national welfare, others which underestimate its importance. Unfortunately, adequate data on agricultural production and income are not available for a sufficient period of time to enable one to indicate where between these extreme views the truth lies.

One of the common generalizations accepted by many as a self-evident fact is that high agricultural prices go hand in hand with industrial activity and that low agricultural prices immediately or eventually bring on a business depression. This view is not fully substantiated by an examination of fluctuations in farm product prices and in general business activity during the past 50 years. A more accurate statement of what the past relationships have been is that periods of relatively low agricultural prices have been followed by periods of industrial prosperity and that periods of relatively high agricultural prices have been followed by industrial depressions. The basis of this statement is illustrated in the accompanying chart (p. 21, chart 3).

An explanation of the nature of the data used in this study will help to clarify the relationships shown in the chart. An index of wholesale prices of farm products from 1875 to 1926 was first compared with a similar index of wholesale prices of nonagricultural products. (See p. 19, chart 1.) Dividing one by the other give what we have here termed "ratio of farm product to nonagricultural prices." (Chart 2.) These ratios may also be taken to represent the changes in the relative purchasing power of agricultural prices when exchanged for industrial products at the wholesale markets.¹ In the past 50 years or more there have been alternating periods of relatively high and low agricultural prices, these periodic fluctuations having taken place around an upward trend for the entire pre-war period, and a declining trend during the recent years. In order to eliminate this long-time trend, the annual ratios were expressed as percentages of an 11-year average. These percentages are shown in the upper half of chart 3. The "100 per cent" line, shown here as a horizontal line, it is to be noted, represents an actual trend line which is upward to the World War period and downward since.

The index of business cycles, shown in the lower part of chart 3, reflects the periodic fluctuations in general business activity, as com-

¹ These changes are shown and discussed in the March issue of "The Agricultural Situation."

puted by the Federal Reserve Bank of New York. It is derived from the money value of bank clearings adjusted for changes in the general price level so as to reflect changes in the physical volume of business for the country as a whole. These changes in business activity, like the changes in the relative prices are expressed as percentages of a

INDEXES OF FARM PRODUCT AND NONAGRICULTURAL PRICES

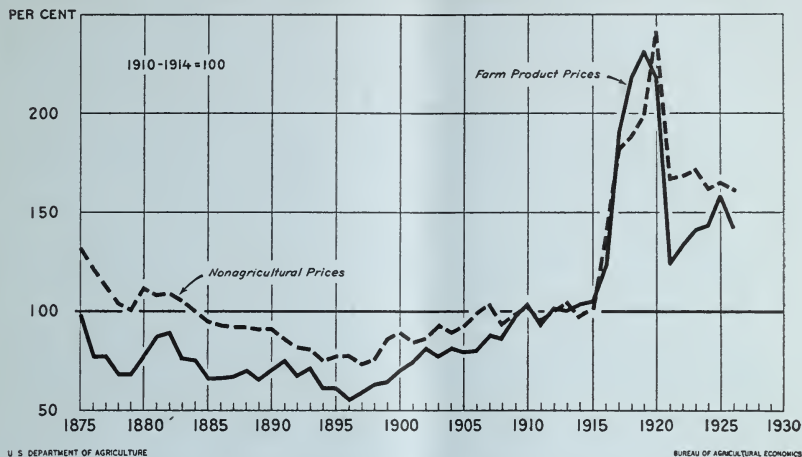


FIG. 1.—Agricultural and nonagricultural prices during the past 50 years have followed the same general long-time trends, downward to 1896-97 and upward since, but not the same year to year and short-time fluctuations. Compared with the pre-war level, agricultural prices are still below the nonagricultural price level

RATIO OF FARM PRODUCT TO NONAGRICULTURAL PRICES

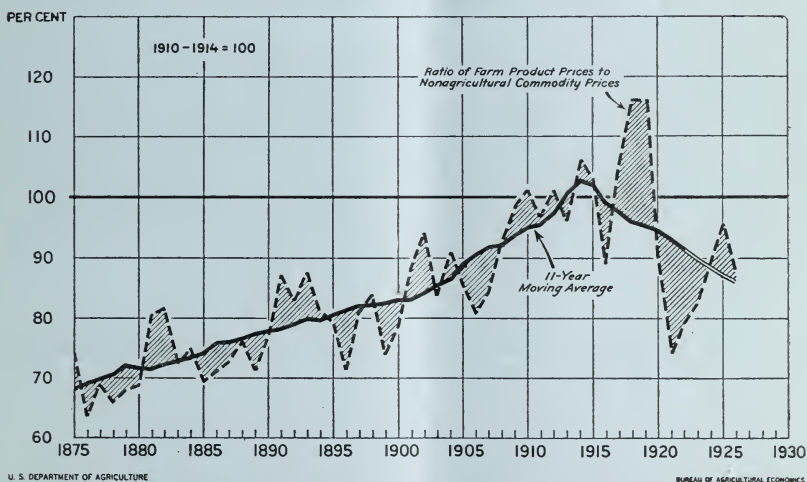


FIG. 2.—The relative purchasing power of agricultural products in exchange for nonagricultural goods at the wholesale markets (obtained by dividing the index of farm product prices of fig. 1 by the nonagricultural price index) has fluctuated almost periodically around an upward trend up to the pre-war period. It has been below the pre-war average since 1920

long-time upward moving trend or "normal" rate of growth, represented here by the horizontal 100 per cent line.

A comparison between the price cycles and business cycles reveals two outstanding facts: (1) In a general way, we find that relatively low agricultural prices have been associated with low business activity

and high prices with high business activity, the latter preceding somewhat the comparable periods of agricultural prices; (2) on the other hand, we also find that each period of relatively high agricultural prices was followed by a period of depressed business activity, and periods of low agricultural prices were followed by industrial prosperity.

It is the second of these comparisons that the chart is intended to emphasize, for the following reasons: Our studies indicate that fluctuations in agricultural prices are largely the result not of business conditions but of fluctuations in production, large crops bringing low prices and small crops high prices. This is particularly true for field crop prices. In the case of prices of livestock and livestock products, business activity or the buying power of consumers is probably a more important factor than in field crop price changes, but still much less important than production. On the whole it may be said that agricultural production rather than business activity is the dominant factor in the agricultural price cycles. It is thus reasonable to consider agricultural production and prices as causal factors playing on business conditions.

In line with this reasoning the periods of low and high agricultural prices from 1875 to date have been marked off (numbered in the chart consecutively from 1 to 12) by dotted lines so as to indicate the corresponding, though not similar, fluctuations in business activity, the latter also numbered consecutively.

The apparent relationships between agricultural price cycles and business cycles of the past 50 years may now be summarized briefly, as follows:

1. Since 1875 there have been six periods of relatively low agricultural prices. Each of these has been followed by a period of industrial prosperity.

2. During the same 50 years there have been five periods of relatively high agricultural prices. Each of these excepting one (No. 6) has been followed by a period of business depression.

3. Generally, each period of recovery in business activity was initiated during a period of low agricultural prices, and each period of business prosperity terminated with high agricultural prices.

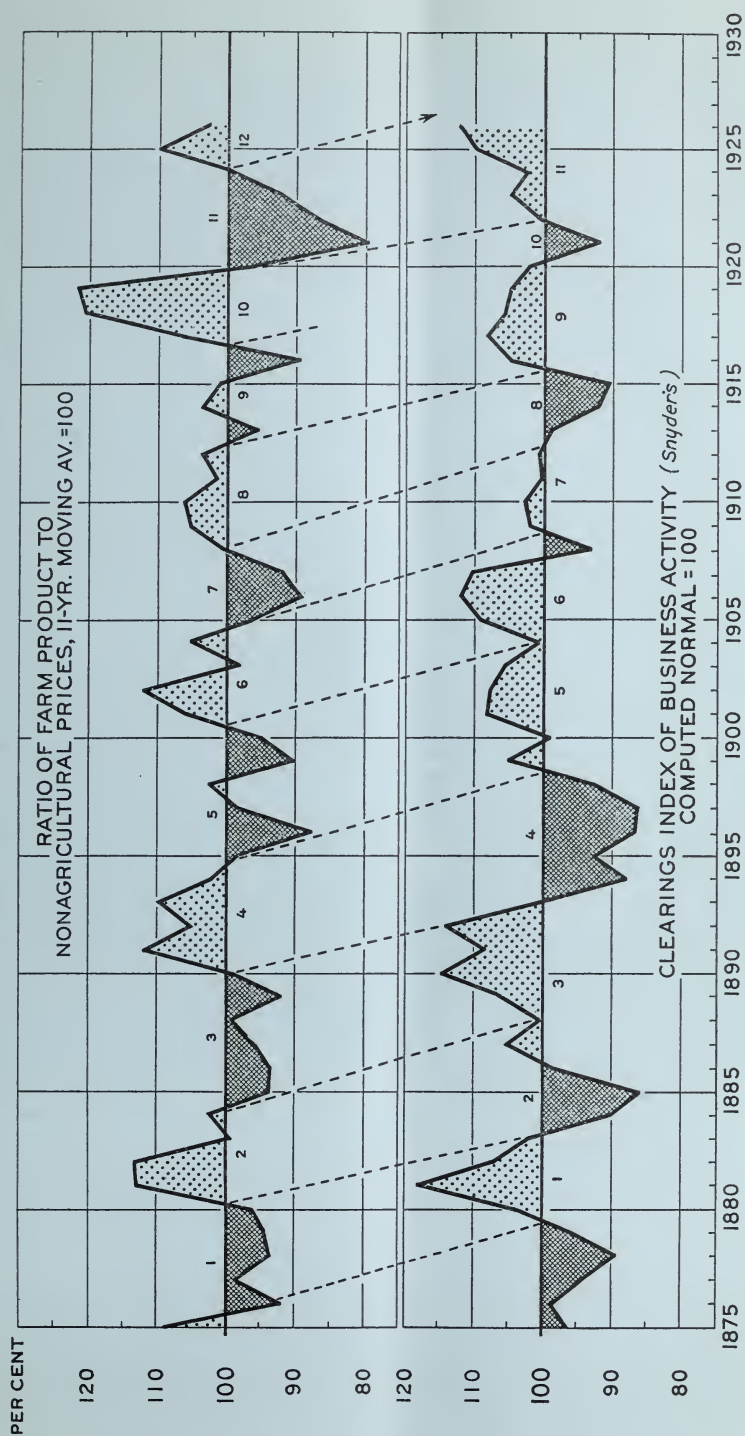
4. These inverse movements in agricultural prices and business activity appear to have been more marked during the first 25 years of the period covered than during the last 25 years.

5. The periods of relatively low agricultural prices have varied in duration from approximately three and one-half to six years and periods of relatively high agricultural prices approximately from three and one-half to four and one-half years. The comparable periods of business prosperity and depression have been less regular in duration.

6. The price cycles have fluctuated roughly between 10 per cent above and 10 per cent below the average or trend (excepting the war and postwar period). Business activity during the first half of the 50-year period fluctuated, roughly, between 15 per cent above and 15 per cent below the trend, and within a range of around 10 per cent in either direction during the last 25 years.

Are these facts mere coincidence or of economic significance? The fact that the inverse movements in agricultural prices and business activity can be traced consistently through each of the 11

AGRICULTURAL PRICE CYCLES AND BUSINESS CYCLES



U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

Fig. 3.—The short-time fluctuations in the ratio of farm product prices to nonagricultural or the relative purchasing power of agricultural wholesale prices have been accompanied by comparable fluctuations in general business activity, with relatively high agricultural prices followed by business depressions and relatively low agricultural prices by business prosperity.

periods except 1 suggests that the agricultural price fluctuations either are in themselves factors in general business conditions or represent conditions which affect industrial welfare. A consideration of the way agricultural production, prices, and income affect business activity leads to the conclusion that the indicated relationships are something more than coincidence.

Since the fluctuations in agricultural prices are largely the result of changes in production, it is obvious that periods of low prices (or large farm output) stimulate those activities which are engaged in financing, transporting, warehousing, manufacturing, distributing, and exporting farm products. Industrial employment and the purchasing power of urban consumers consequently tend to increase, and while food prices remain relatively low the urban market for nonagricultural products (such as automobiles and radios during the postwar period of low agricultural prices) is increased. As industrial recovery continues it also tends to strengthen some agricultural prices, particularly the prices of livestock products.

In periods characterized by relatively high agricultural prices, these factors tend to work in the opposite direction. Reduced farm production, as reflected in the high prices, tends to reduce the physical volume of business done by all the enterprises which handle, process, and distribute farm products. That in itself affects adversely the purchasing power of urban consumers through reduced employment. Furthermore, the higher prices of food products now diminish the ability of city consumers to buy nonagricultural goods, and the higher prices of agricultural raw materials affect adversely the profit margins of certain manufacturing industries. At the same time the industries depending on the farm market as an outlet for their goods are affected favorably or unfavorably, depending on whether the smaller farm output has resulted in larger or reduced farm income. It is interrelationships of this nature that should be investigated in a more detailed study of the interdependence of agricultural and industrial conditions.

The interdependence between farm and urban conditions has changed considerably during the past century. It will undoubtedly be found that industry in general is becoming less and less dependent on the immediate condition of agriculture which now constitutes about 25 per cent of the country's population compared with about 80 per cent a century ago. But even though the farm population is relatively less important as a market for industrial goods, farm production is still a principal source of the Nation's food products and raw materials, and will continue to exert a major influence on industrial activity.

In applying our observations to the present situation, it is necessary to understand clearly the present position of agricultural prices in relation to other prices. As shown on page 9 of this issue farm product prices are now approximately 80 per cent of their pre-war exchange value.

In the accompanying chart, the ratio of farm products to non-agricultural prices is shown, not as a per cent of the 1910-1914 average but of a more recent average which includes the low ratios since 1921. The ratios for 1925 and 1926 were higher than this assumed average and are consequently shown above the 100 per cent line.

Others, of course, might not use an average of the more recent price ratios as a basis for comparison, but if this writer's assumptions are correct the present phase of agricultural prices is such as in the past has foreshadowed a lower level of business activity. But to state more definitely whether it will again do so would call for an analysis of the major factors in the present situation other than those reflected in agricultural prices—which is not the purpose of this statement. However, those interested in the probable course of the business cycle during the next two or three years may find it of interest to compare the business cycle from 1921 to 1926 with the two highly similar preceding periods—1885–1890 and 1897–1902.

L. H. BEAN,
Division of Statistical and Historical Research, B. A. E.

CAN EFFICIENCY IN MANAGEMENT SAVE THE CORN BELT FARMER?

The answer is yes for the farmer who can really attain it. That efficiency in management pays on the farm is emphatically brought out in the financial accounts of more than a thousand Illinois farmers whose accounts have been analyzed by the department of farm management of the Illinois College of Agriculture for each of the past two years. As a background for these records several hundred farm accounts have been analyzed practically every year for a period of 12 years. To say that efficiency in management can keep the Corn Belt farmer solvent is not denying the fact that he is laboring under severe economic handicaps at present. The upper 10 per cent of Corn Belt farmers are comparable in ability with leaders in other lines of business and the farmer who is becoming a millionaire at farming has yet to be discovered.

There is some encouragement, however, in the fact that we commonly find in the accounts of any group of farmers located in a given county that the one-third who are most efficient in management realize from \$2,000 to \$3,000 more net income from their labor and management than the one-third who are least efficient. To understand this statement correctly it must be realized that it is made with reference to farmers who are all progressive and businesslike enough to keep accounts. Even the low third falls in this class and careful survey studies have shown for Illinois that account-keeping farmers average about 2 per cent more on their investments than the average of the rank and file of all farmers. For central Illinois this means an advantage to the accounting farm operators of about \$1,000 each.

Detailed accounting studies of the more successful farms show that some of the best managers tend consistently to hold their positions in the group that makes good commercial rates of interest on their capital and more than labor wages for their time.

Above all else, this accounting study has shown that continued success is not a result of one or two big factors on the profitable farms. Instead, we have found that successful management on the farm consists in doing many things well. A well-balanced plan of production and marketing, efficiently carried out, is invariably behind the consistently successful farmer. There is evidently more in the adoption and efficient execution of a balanced plan than in frequent adjustment to changing prices.

Some of the main factors in which efficiency means success can only be stated here. They include (1) good crop yields, (2) efficient handling of livestock, (3) labor efficiency, (4) efficient use of power and equipment, (5) balanced selection of the more profitable crops, (6) judicious handling of cash expenses.

I have before me five years of accounts for three Coles County farmers who in 1922 were sufficiently interested in the organization and management of their farms to work out in cooperation with the department of farm management of the College of Agriculture a definite long-time plan of operation. Fields were arranged, a rotation adopted, a plan adopted for maintaining fertility, livestock enterprises selected and planned for, all with a view to efficiency in the main factors outlined above. These three farms have earned from 4 to 8 per cent interest on their investments during the past three years. Their average rate for the three years was 6 per cent on an average investment of \$43,000 per farm. It is evident that these men are not making a success that would look large in some industries, but they are maintaining a high standard of living and they are in no danger of a sheriff's sale. Their success is definitely traceable to factors that can be realized on many farms where solvency has been maintained only by a reduced standard of living.

In view of the risks involved in farming it is unfortunate that the most successful operators only realize labor wages for their time and good commercial rates of interest on their capital. Other industries commonly reward superior management in a more liberal way. It is only in comparison with other managers in their own line of business that these more successful farm operators appear to be well paid. It is safe to conclude that the man who is going to farm will be paid for farming efficiency. It is another question as to whether superior managing ability is adequately rewarded in the farming business under present unsatisfactory economic conditions in the Middle West.

Finally, it should be pointed out that many farm operators who have the ability and desire to farm efficiently are handicapped financially so that they can not finance the purchase of livestock or fertilizing materials, or so that they find it very difficult to maintain a satisfactory standard of living during the period of time required to build up an efficient farm organization.

ROBERT R. HUDELSON,
Farm Management Specialist, University of Illinois.